

Atlas Minerals
Division of Atlas Corporation

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743 Horizon Court
Suite 202
Grand Junction, Colorado 81506
Telephone: (303) 243-5800

DIVISION OF
OIL, GAS & MINING

December 17, 1987

Ms. Pamela Grubaugh-Littig
Reclamation Engineer
Division of Oil, Gas & Mining
Utah Department of Natural Resources
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: Financial Information
Atlas General File
ACT/037/051

Dear Ms. Grubaugh-Littig:

I am forwarding the latest Form 10-K financial statement for Atlas Corporation. The latest annual report is also included as a part of the financial statement. These documents are for the 1987 fiscal year which ended June 30, 1987.

Please contact me at your convenience if you have any questions.

Sincerely,



Richard E. Blubaugh
Regulatory Affairs Manager

REB:jt

Enclosure

cc: R. T. Exby w/o attachment

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended June 30, 1987 Commission file number 1-2714

ATLAS CORPORATION

(Exact name of registrant as specified
in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

13-5503312

(I.R.S. Employer
Identification No.)

353 Nassau Street, Princeton, New Jersey
(Address of principal executive offices)

08540

(Zip Code)

Registrant's telephone number, including area code: (609) 921-2000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$1 per share	New York Stock Exchange
Option Warrants to Purchase Common Stock	American Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has
filed all reports required to be filed by Section 13 or 15(d)
of the Securities Exchange Act of 1934 during the preceding
12 months and (2) has been subject to such filing
requirements for the past 90 days. Yes X No .

Aggregate market value of the voting stock held by
non-affiliates of the registrant at September 23, 1987:
approximately \$120,989,000.

Number of shares outstanding of each of the registrant's
classes of common stock as of September 23, 1987:

Common Stock, par value \$1 per share -- 2,969,045 shares
(net of 231 shares held in treasury)

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Atlas Corporation 1987 annual report to shareholders for fiscal year ended June 30, 1987 - Parts I and II*
- (2) Atlas Corporation Proxy Statement for annual meeting of shareholders to be held on November 4, 1987 (to be filed on or about September 30, 1987) - Part III*

* Only those sections of the annual report to shareholders and Proxy Statement which are specifically incorporated by reference herein are deemed "filed" with the Securities and Exchange Commission as part of this annual report on Form 10-K.

PART I

Item 1. Business.

General

Atlas Corporation (the "Company") is engaged principally in the natural resources, building products and service businesses.

During fiscal 1987, the Company restructured its business in order to increase its focus on mining precious metals. As part of the restructuring, it sold its Western Sky Industries Division, closed its uranium operations and reached agreements in principle to sell its Brockton Sole and Plastics Division and the central mixed concrete business of its Atlas Building Systems Division. Information with respect to the Company's discontinued operations for the fiscal years ended June 30, 1987, 1986 and 1985 is set forth in Note 9 to the Consolidated Financial Statements of the Company and its subsidiaries included in the Company's 1987 annual report to shareholders, which Note is incorporated herein by reference.

Information with respect to the Company's industry segments for the fiscal years ended June 30, 1987, 1986 and 1985 is set forth in Note 8 to the Consolidated Financial Statements of the Company and its subsidiaries included in the Company's 1987 annual report to shareholders, which Note is incorporated herein by reference.

Natural Resources

The Company conducts its natural resources business through its Minerals Division. The Division principally explores for and mines, mills and sells gold. Commercial production and sale of gold commenced in January 1987. The revenues from the sale of gold during the period from January 1987 to the end of the fiscal year on June 30, 1987 were \$6,152,000.

The Division is actively exploring for gold and to a lesser degree silver and other mineral bearing ores. During fiscal 1987, the Division employed 14 full-time professionals and spent a total of \$2,285,000 in connection with its exploration activities.

In 1984 the Division discovered gold-bearing ore on its Gold Bar property in east-Central Nevada. The Division's right to the properties on which the discovery

was made is derived mainly through unpatented lode mining claims and mill site claims located on public domain lands. Except for one small area which is not included in the area containing the present discovery, there are no outstanding royalties or other interests on these properties. The Gold Bar property is located on the southwest slope of the Roberts Mountains in Eureka County, Nevada. The project site is reached by traveling 17 miles northeast along the Eureka County Three Bars Road, which is 22 miles west of Eureka, Nevada, on U.S. Highway No. 50. The plant site elevation is 6,440 feet above sea level, and the mine site average elevation before mining is 6,475 feet above sea level. The Gold Bar deposit is located in gently dipping bedded limestone sediments on the southwestern flank of the Roberts Mountains. The ore is largely oxidized; however, portions are unoxidized and contain fine-grained pyrite and carbon. The following table contains information concerning proven reserves on the Gold Bar property as at June 30, 1987:

Reserves - Proven

	<u>Tons (000s)</u>	<u>Grade (oz/T)</u>
Oxide	1,935	.107
Carbonaceous	<u>317</u>	.197
Total	2,252	.120
	=====	
Mill Recovery	95% oxide, 80% carbonaceous	
Mining Dilution	10% additional tons at .001 ounces/ton	

Drill data from 305 drill holes were used in calculating the mineral inventory, and 54 condemnation drill holes were drilled to finalize plant site location. The cutoff grade used for mining reserve calculations was 0.03 ounces per ton, and the market price for gold used in all feasibility studies was \$300 per ounce.

Construction of the mill and development of the mine commenced in April 1986, and external financing was used to finance the project. Commercial production of gold from ore located on the Gold Bar property began in January 1987. The Company believes that the ore can be mined and processed profitably at a price of approximately \$250 per ounce of gold. The Company owns or controls approximately 77 square miles of land surrounding the area of the existing Gold Bar discovery, and exploration for other gold-bearing deposits on this property is ongoing.

In addition to the proven reserves described above, two additional gold deposits with indicated probable geological reserves of 250,000 ounces have been discovered during the past year as a result of exploration in the vicinity of the Gold Bar Mill. One deposit, Goldstone, is on unpatented lode mining claims, approximately six and one-half miles northeast of the Gold Bar Mine. The other deposit, Gold Ridge, is also located on unpatented lode mining claims, approximately six miles northeast of the Gold Bar Mine. Ore from these deposits can be milled at the Gold Bar Mill. While the Goldstone deposit appears to be nearly defined, exploration drilling on the Gold Ridge deposit is continuing, and there appears to be potential for additional reserves. The Company intends, as soon as practical, to do the additional drilling and studies required to move these reserves from the probable geological reserve category to the proven reserve category.

The Division's profitability is dependent on the price of gold. Gold prices fluctuate widely and are affected by numerous factors beyond the Division's control, including expectations for inflation, the strength of the U.S. dollar, global and regional demand and political and economic conditions and production costs in major gold producing regions, including South Africa and the Soviet Union. The aggregate effect of these factors is impossible to predict.

Gold dore, which is the form in which gold is produced and sold by the Company and is further refined after its sale by the Company, can be readily sold on numerous markets throughout the world, and it is not difficult to ascertain the market price for this product at any particular time. The dore can be sold to a large number of refiners on a competitive basis. The Division is currently selling all of its gold to a single refiner at market prices, although it is free to sell to others.

In connection with its mining operations, the Company is required to comply with various United States federal, state and local regulations and requirements relating to the discharge of materials into the environment and other environmental matters. In addition, the Company is required to obtain permits from various governmental agencies in order to mine and mill. The Company has obtained all of the necessary permits relating to present operations at the Gold Bar Mine and mill. The Company does not anticipate that the cost of environmental compliance will have a material impact on its earnings or its competitive position. The Company made no material capital expenditures for environmental control facilities in fiscal 1987. The Company does not expect to make any material capital expenditures in this area during fiscal 1988 except

for modest amounts in connection with reclamation costs resulting from the discontinuance of the Division's uranium operations as discussed below.

The Division competes with substantially larger companies in the production and sale of gold. The Division does not believe that it or any other competitor is a material factor in these markets, and the price it receives for its production depends almost entirely upon market conditions over which it has no control. The Division believes that it can promptly sell at current market prices all of the gold the Division can produce for either present or future delivery.

With respect to the acquisition of mineral interests and exploration activities, the Division competes with numerous persons and companies, many of which are substantially larger and have considerably greater resources than the Company.

The Division currently employs approximately 137 people and considers its relations with its employees satisfactory.

Discontinued Uranium Mining and Milling Operations

Due to the continuing depressed condition of the domestic uranium industry, the Division discontinued its uranium operations and permanently closed its uranium mines and processing mill located near Moab, Utah, at June 30, 1987. Including estimated reclamation costs, the writedown of property, plant and equipment and other liabilities and expenses, the discontinuance resulted in a charge to earnings of \$52,338,000 at June 30, 1987.

The Company anticipates that proceeds from the sale of uranium inventories under an existing contract and from the liquidation of uranium-related assets will largely cover the cash closing and reclamation costs related to the discontinued uranium operations. See Notes 1 and 9 to the Consolidated Financial Statements of the Company and its subsidiaries included in the Company's 1987 annual report to shareholders, which Notes are incorporated herein by reference.

Building Products

The Company's continuing building products business is conducted through its Atlas Building Systems Division, which produces and sells precast concrete, prestressed concrete systems and masonry building supplies. The Division sells its products through nine commissioned and salaried salesmen. During fiscal 1987 sales to no one customer exceeded 4.9% of the Division's total sales, and sales to the Division's five largest customers aggregated approximately 16.5% of its total sales.

The revenues from the sale of the Division's products in each of the last three fiscal years are set forth in the following table:

<u>Year Ended June 30</u>	<u>Revenues</u>
1985	\$10,955,000
1986	13,868,000
1987	15,893,000

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in the Company's 1987 annual report to shareholders, which information is incorporated herein by reference, for a discussion of the reasons for the changes in revenues set forth above.

The construction industry is highly seasonal and, accordingly, sales of the Division normally decline during the winter months. Of the \$15,893,000 in revenues during fiscal 1987, approximately 91% were sales of precast and prestressed concrete and 9% were sales of masonry building supplies.

The Division has numerous competitors in the sale of all of its products, the competitive factors being price, quality and service.

The Division employs approximately 130 people and considers its relations with its employees satisfactory.

Discontinued Central Mixed Concrete Operations

In the fourth quarter of fiscal 1987, the Division reached agreement in principle to sell its Central Mixed Concrete business. The sale will result in a small gain to the Division. The revenues from the Central Mixed

Concrete business are not included in the table above under "Building Products."

Services

The service activities of the Company are conducted through its International Atlas Services Division. The Division owns a 55% interest in, and is the manager of, Global Associates ("Global"), a joint venture with Owl Constructors.

Global provides "life support" services to a number of international and domestic customers, including various United States Government agencies, foreign governments and major industrial firms. These services include facility operations and maintenance, utility systems operation and maintenance, food service, housing administration and maintenance, recreation services, material procurement, traffic management, inventory control, transportation services (ground, air and marine), fire protection, security, medical and dental services, retail sales operations and various related consulting services. Global's current major clients include the United States Army and Navy.

A major contract between Global and the United States Army at the Kwajalein Missile Range in the Marshall Islands expires on September 30, 1987. Global and RCA Corporation, in a joint venture, submitted a bid for the renewal of that contract. Because the contract was awarded to a competitor, the future of the Division will be determined largely by its success in obtaining replacement business. The Company's share of Global's earnings was \$1,148,000 in fiscal 1987 and \$881,000 in fiscal 1986.

Global has a contract with the United States Army for performance of life support services for United States military forces in Honduras. The basic contract period was for one year beginning October 1, 1986, with three one-year options.

Global also provides services to the United States Army in Charleston, South Carolina and to the United States Navy in Bremerton, Washington; Philadelphia, Pennsylvania; Portsmouth, Virginia; and Pearl Harbor, Hawaii.

Global has numerous competitors, some of which have much greater financial and other resources than Global. Price is the major competitive factor, and many contracts on which Global bids are awarded pursuant to competitive bid procedures. Technical expertise, quality of performance and the reputation of a bidder also are factors in the award of such contracts.

Global employs approximately 2,100 people and considers its relations with its employees satisfactory. Because of the loss of the Kwajalein contract, the number of Global's employees will probably be significantly reduced during fiscal 1988.

Item 2. Properties.

The following is a summary of the location and general character of the Company's materially important properties.

Natural Resources

The Minerals Division's uranium mines and mill, which, as previously indicated, have been closed, are located near Moab, Utah, on Company-owned land. For information concerning the Division's gold ore-bearing properties and mill, see "Item 1. Business." under "Natural Resources".

Shoe Parts

The Brockton Sole & Plastics Division, which is in the process of being sold and for financial reporting purposes became a discontinued business at June 30, 1987, operates in two Company-owned plants in Brockton, Massachusetts, one of which contains approximately 100,000 square feet of manufacturing and office space located on five acres of land, with two silos which are used for bulk raw material storage. The other plant contains approximately 30,000 square feet of manufacturing space. The Division also leases from the City of Winchester, Tennessee, a plant located on 35 acres of land and containing approximately 60,000 square feet of floor space.

Building Products

The Atlas Building Systems Division conducts its principal operations at three Company-owned sites, which include 29.3 acres of land in Voorhees Township, New Jersey, on which are located its precast and prestressed concrete plants, support facilities and a one-story headquarters office building containing approximately 10,000 square feet of office space. The Division also owns 6.4 acres of land in Camden, New Jersey, on which is located a central mixing concrete plant, garage and customer service department, which property is in the process of being sold and for financial reporting purposes became a discontinued

business at June 30, 1987. In addition, the Division owns 45.9 acres of commercially zoned land in Glassboro Borough, New Jersey.

Services

Global leases office space of approximately 14,100 square feet in Oakland, California, and approximately 1,900 square feet in Honolulu, Hawaii.

Other

The Company owns a 7,800-square-foot office building in Princeton, New Jersey, which is used as the Company's corporate headquarters.

Item 3. Legal Proceedings.

Inapplicable.

Item 4. Submission of Matters to a Vote of Security Holders.

Inapplicable.

Item 4a. Executive Officers of the Company.

The table below includes certain information with respect to the executive officers of the Company.

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Number of Years in this Position</u>
Richard R. Weaver	President and Chief Executive Officer	52	*
John M. Devaney	Vice President-Finance, Treasurer and Assistant Secretary	58	5
Edgar M. Masinter	Secretary	56	21

Mr. Masinter is an attorney whose professional corporation is a partner of Simpson Thacher & Bartlett, general counsel to the Company.

There are no family relationships between any of the executive officers, and there are no arrangements or understandings between any of the executive officers and any other person pursuant to which any of such officers was selected.

-
- * Mr. Weaver was appointed Chief Executive Officer of the Company effective April 1, 1987 and President of the Company effective October 1, 1986. He was President of the Minerals Division of the Company until October 1, 1986. He was Executive Vice President of the Company from September 1, 1985 to September 30, 1986.

PART II

Item 5. Market for the Company's Common
Stock and Related Stockholder
Matters.

The information called for by this Item is set forth under the caption "Market Information and Dividends" in the Company's 1987 annual report to shareholders and is incorporated herein by reference.

Item 6. Selected Financial Data.

The information called for by this Item is set forth under the caption "Five-Year Selected Financial Data" in the Company's 1987 annual report to shareholders and is incorporated herein by reference.

Item 7. Management's Discussion and
Analysis of Financial Condition
and Results of Operations.

The information called for by this Item is set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 1987 annual report to shareholders and is incorporated herein by reference.

Item 8. Financial Statements and
Supplementary Data.

The information called for by this Item is contained on pages 8 through 16 of the Company's 1987 annual report to shareholders and is incorporated herein by reference.

Item 9. Disagreements on Accounting and
Financial Disclosure.

Inapplicable.

PART III

Item 10. Directors and Executive Officers
of the Company.

The information called for by this Item with respect to the Company's directors is set forth under the caption "Election of Directors" in the Company's Proxy Statement for its 1987 annual meeting of shareholders. Such information is incorporated herein by reference.

The information regarding executive officers is included under Item 4a in Part I of this annual report on Form 10-K.

Item 11. Executive Compensation.

The information called for by this Item is set forth under the captions "Executive Compensation" and "Stock Options" in the Company's Proxy Statement for its 1987 annual meeting of shareholders. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain
Beneficial Owners and Management.

The information called for by this Item is set forth under the captions "Principal Holders of Voting Stock" and "Election of Directors" in the Company's Proxy Statement for its 1987 annual meeting of shareholders. Such information is incorporated herein by reference.

Item 13. Certain Relationships and
Related Transactions.

Inapplicable.

PART IV

Item 14. Exhibits, Financial Statement
Schedules, and Reports on
Form 8-K.

(a) (1) Financial Statements:

See Index to Financial Statements and
Schedules on page F-1.

(2) Financial Statement Schedules:

See Index to Financial Statements and
Schedules on page F-1.

(3) Exhibits:

- 3.1 Certificate of Amendment to Certificate of Incorporation, dated November 5, 1986; Certificate of Incorporation of the Company, as otherwise amended (filed as Exhibit 3.1 to the Company's annual report on Form 10-K (file no. 1-2714) for the fiscal year ended June 30, 1981 and incorporated herein by reference)
- 3.2 Bylaws of the Company, as amended
- 4 Credit Agreement dated April 17, 1986 among Atlas Gold Mining Inc. (a wholly owned subsidiary), the Company and Bank of America National Trust and Savings Association (filed as Exhibit 4 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1986 and incorporated herein by reference)
- 10.1 Atlas Corporation Management Incentive Compensation Plan (filed as Exhibit 10.2 to the Company's annual report on Form 10-K (file no. 1-2714) for the fiscal year ended June 30, 1981 and incorporated herein by reference)
- 10.2 Atlas Corporation 1979 Key Employee Stock Incentive Plan (filed as Exhibit 10.3 to the Company's annual report on Form 10-K (file no. 1-2714) for the fiscal year ended June 30, 1981 and incorporated herein by reference)

- 10.3 Supplemental Pension Agreement dated as of December 31, 1978 between the Company and Walter G. Clinchy (filed as Exhibit 10.7 to the Company's annual report on Form 10-K (file no. 1-2714) for the fiscal year ended June 30, 1981 and incorporated herein by reference)
- 10.4 Amendment dated as of March 26, 1981 to Supplemental Pension Agreement between the Company and Walter G. Clinchy (filed as Exhibit 10.8 to the Company's annual report on Form 10-K (file no. 1-2714) for the fiscal year ended June 30, 1981 and incorporated herein by reference)
- 10.5 Amendment dated as of February 8, 1983 to Supplemental Pension Agreement between the Company and Walter G. Clinchy (filed as Exhibit 10.8 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1983 and incorporated herein by reference)
- 10.6 Employment and Consulting Agreement dated as of December 1, 1982 between the Company and Edward R. Farley, Jr. (filed as Exhibit 10.9 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1983 and incorporated herein by reference)
- 10.7 Amendment dated as of October 1, 1985 to Employment and Consulting Agreement dated December 1, 1982 between the Company and Edward R. Farley, Jr. (filed as Exhibit 10.7 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1986 and incorporated herein by reference)
- 10.8 Second Amendment dated as of April 1, 1987 to Employment and Consulting Agreement dated December 1, 1982 between the Company and Edward R. Farley, Jr.
- 10.9 Supplemental Pension Agreement dated as of January 1, 1983 between the Company and Edward R. Farley, Jr. (filed as Exhibit 10.10 to the Company's annual report on Form 10-K for the fiscal year

ended June 30, 1983 and incorporated herein by reference)

- 10.10 Amendment dated as of October 1, 1985 to Supplemental Pension Agreement dated January 1, 1983 between the Company and Edward R. Farley, Jr. (filed as Exhibit 10.9 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1986 and incorporated herein by reference)
- 10.11 Employment Agreement dated as of July 1, 1987 between the Company and Richard R. Weaver
- 10.12 Agreement dated as of December 22, 1983 between the Company and Public Service Electric & Gas Company (filed as Exhibit 10.14 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1984 and incorporated herein by reference)
- 10.13 Employment Agreement dated as of July 1, 1987 between the Company and John M. Devaney
- 10.14 Form of Indemnity Agreement entered into between the Company and each of its executive officers and directors
- 13 1987 annual report to shareholders
- 22 Subsidiaries of the Company
- 24 Consent of Independent Auditors

(b) Reports on Form 8-K:

No reports on Form 8-K were filed by the Company during the last quarter of the fiscal year ended June 30, 1987.

Note concerning Exhibits: The Company will furnish copies of Exhibits to security holders of the Company upon request. The Company may charge a fee in connection with such a request, which will be limited to the Company's reasonable expenses in furnishing any such Exhibit.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATLAS CORPORATION

By: Richard R. Weaver
Richard R. Weaver
President (Principal
Executive Officer)

Date: September 25, 1987

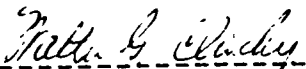
Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Richard R. Weaver President (Principal
Richard R. Weaver Executive Officer)
and Director September 25, 1987

John M. Devaney Vice President-
John M. Devaney Finance and
Treasurer (Principal
Financial and
Accounting Officer) September 25, 1987

Edward R. Farley, Jr. Director September 25, 1987
Edward R. Farley, Jr.

Michael Bongiovanni Director September 25, 1987
Michael Bongiovanni



Walter G. Clinchy

Director

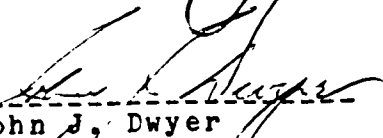
September 25, 1987



Andrew Davlin, Jr.

Director

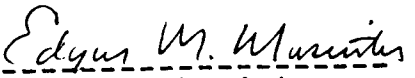
September 25, 1987



John J. Dwyer

Director

September 25, 1987



Edgar M. Masinter

Director

September 25, 1987

ATLAS CORPORATION AND ITS SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SCHEDULES
JUNE 30, 1987, 1986 AND 1985

	<u>Page</u>
<p>The Company's 1987 annual report to shareholders, a complete copy of which is appended to this report, includes the following consolidated financial statements, which are incorporated herein by reference:</p>	
Consolidated Balance Sheets for the Fiscal Years Ended June 30, 1987 and 1986	*
Consolidated Statements of Operations and Retained Earnings (Deficit) for the Fiscal Years Ended June 30, 1987, 1986 and 1985	*
Consolidated Statements of Changes in Financial Position for the Fiscal Years Ended June 30, 1987, 1986 and 1985	*
Notes to Consolidated Financial Statements	*
Report of Independent Auditors	F-3
<p>Schedules for the Fiscal Years ended June 30, 1987, 1986 and 1985:</p>	
II Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other Than Related Parties	F-4
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VI Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment	F-6
VIII Valuation and Qualifying Accounts and Reserves	F-7
X Supplementary Income Statement Information	F-8

* Appears on pages 8 through 16 of the Company's 1987 annual report to shareholders included herein.

With the exception of the pages referred to, unless otherwise incorporated by reference elsewhere in this annual report on Form 10-K, the Company's 1987 annual report to shareholders is not to be deemed "filed" as part of this annual report.

The foregoing additional financial data and supporting schedules should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 1987 annual report to shareholders.

Schedules other than those listed above are omitted for the reason that they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

Over the years,

a map of six western states shows the location of the
; Corporation's various mining and exploration sites.

FISCAL 1987 HIGHLIGHTS

- Gold production from Nevada Gold Bar Mine begins
- New Nevada gold discoveries at Goldstone and Gold Ridge properties
- Sales or agreements to sell three non-mining businesses
- Decision made to close uranium operations

<i>Thousands (Except Where Noted)</i>	Fiscal 1987	Fiscal 1986
Financial Data		
Revenues from continuing operations		
Gold mining	\$ 6,152	\$ —
Non-mining	18,700	16,070
Total	<u>24,852</u>	<u>16,070</u>
Income (loss) from continuing operations	266	(2,320)
Loss from discontinued operations	(506)	(490)
Provision for loss from disposal of discontinued operations	<u>(51,949)</u>	<u>—</u>
Net loss	<u>\$ (52,189)</u>	<u>\$ (2,810)</u>
Operating Data as of June 30 (ounces)		
Annual rate of gold production	45,000	—
Proven gold reserves	300,000	300,000
Probable geological gold reserves	+250,000	—
Per Share Data		
Income (loss) from continuing operations	\$.09	\$ (.78)
Net loss	\$ (17.62)	\$ (.95)
Common Shares outstanding at June 30	2,969	2,960
Share Price at June 30	\$ 23¼	\$ 13¼

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Directors and Officers	

TO OUR SHAREHOLDERS

The fiscal year which ended on June 30, 1987 was a year of transition for Atlas Corporation. I became President on October 1, 1986 and Chief Executive Officer on April 1, 1987. Since April, we have taken several major steps to restructure the Company in order to increase our focus on gold exploration and production.

It was an exciting year for Atlas: we began gold production from our Gold Bar Mine in Eureka, Nevada; we made two new gold discoveries within close proximity of the Gold Bar Mine; We closed our uranium operations; and we sold or agreed to sell three of our non-mining businesses.

Atlas is now principally a gold mining company, and we have increased available resources to build on our early success. By restructuring our operations, we have positioned Atlas for a new era of growth and profitability as a natural resources company with a primary emphasis on gold.

Fiscal 1987 Results

For the fiscal year ended June 30, 1987, Atlas reported a net loss of \$52,189,000, or \$17.62 per share. The loss was due principally to the charge related to the discontinuance of uranium operations. From continuing operations, Atlas earned \$266,000, or \$.09 per share, compared with a loss of \$2,320,000, or \$.78 per share, from continuing operations in fiscal 1986. Revenues from continuing operations for fiscal 1987 were \$24,852,000, up 54 percent from \$16,070,000 for fiscal 1986.

More indicative of future performance were the results of our fiscal 1987 fourth quarter, which reflected the significant contribution made by the start-up of gold production from our Gold Bar

Mine in Nevada. For that quarter, Atlas reported income from continuing operations of \$1,556,000, or \$.53 per share, compared to \$32,000, or \$.01 per share, for the same quarter last year. Revenues from continuing operations were \$9,649,000, up 83 percent from \$5,260,000 for the same quarter last year.

Gold Bar Mine

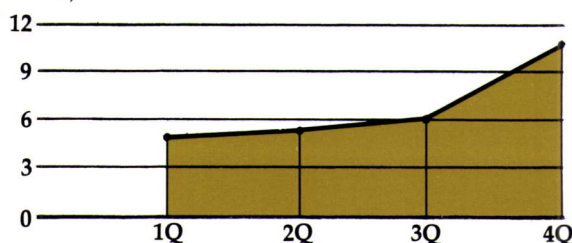
Atlas discovered the Gold Bar gold deposit, consisting of approximately 300,000 ounces of proven, mineable, gold reserves, in May, 1984. Following a fast track development and construction schedule, the first gold was poured in January, 1987.

Taking advantage of depressed conditions in the mining industry during the construction phase of the project, Atlas succeeded in purchasing second-hand mining and milling equipment at very low prices without sacrificing quality. We built a modern processing plant without frills, assembled a lean and experienced operating staff and executed a well-engineered construction plan. All this enabled Atlas to begin production at the Gold Bar Mine and Mill ahead of schedule and well below budget.

By March, 1987, the mill was operating at its designed capacity of 1,500 tons per day, and the projected gold production and costs were achieved. Currently, the Company is producing gold from the Gold Bar Mine at a rate of about 45,000 ounces per year. The estimated cash costs of production are currently in the range of \$130 per ounce, well below the industry average cash cost of about \$192 per ounce.

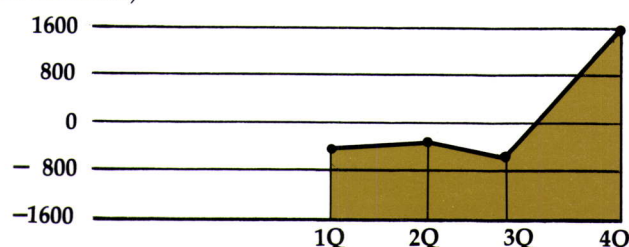
Revenues from Continuing Operations Fiscal 1987 By Quarter

(in millions)



Income from Continuing Operations Fiscal 1987 By Quarter

(in thousands)



New Gold Discoveries

In the past year, the Company's exploration program resulted in discoveries of more than 250,000 ounces of probable geological gold reserves. These new reserves are in the Goldstone deposit, located about six and one-half miles northeast of the Gold Bar Mine, and in the Gold Ridge deposit, situated approximately six miles northeast of the Gold Bar operations. These two new discoveries, together with the Gold Bar reserves, give Atlas proven and probable geological gold reserves approaching 600,000 ounces.

The extent of gold reserves at Goldstone appears to be nearly defined. At Gold Ridge, however, exploratory drilling is continuing, and we hope to discover additional reserves beyond the approximately 100,000 ounces delineated to date. We are moving ahead as quickly as practical with the additional drilling and studies required to move these reserves from probable geological to the proven reserve category. The near term goal is to convert these new reserves into expanded output for Atlas, if it is economically feasible to do so. This increase in gold production could be accomplished at a relatively modest cost by expanding the Gold Bar Mill, which was designed with expansion in mind.

Increased Exploration Efforts

Atlas is concentrating its exploration efforts for gold in the western United States because of the favorable political and economic climate and the geological attractiveness of the region. Our search is confined to those types of gold deposits that are located near the surface and are amenable to low-cost, bulk mining methods. Our ability to maintain

low-cost production remains the major criterion for defining our exploration areas. In this way, if exploration is successful, Atlas may sustain adequate profit margins in the event of a downturn in the price of gold.

Atlas' major exploration thrust for gold deposits is taking place in Nevada, where we are currently evaluating ten exploration targets. In addition, the Company is actively exploring in the nearly 50,000 acre land block surrounding the Gold Bar Mine and Mill. We are also evaluating gold exploration targets in Arizona, California, Colorado, Oregon and Utah.

Atlas intends to increase its exploration efforts for gold during the next year. This increase will take place in carefully planned stages as we develop sound exploration programs and add to our staff of highly competent, field-wise, exploration geologists. Our main exploration focus will remain in Nevada, the center of the most intense exploration activity in the world today. In addition, Atlas will monitor and evaluate other opportunities in the United States and in foreign countries which have stable and favorable governments.

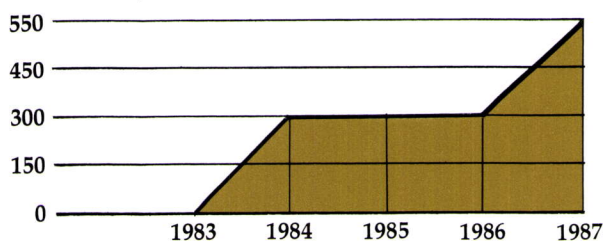
Our near-term objectives are:

- to become a low-cost, medium-size gold producer;
- to produce in excess of 125,000 ounces of gold per year; and
- to build gold reserves of 1,500,000 ounces.

We do, however, want to be careful about relying too heavily on one commodity. Consequently, we are considering modest diversification into other natural resources which are less volatile than gold and which could provide a more balanced level of income over the long term.

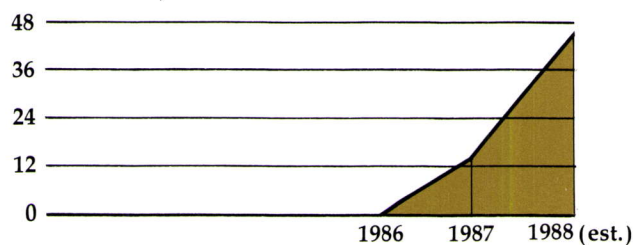
Proven and Probable Geological Gold Reserves

(in thousand ounces)



Annual Gold Production

(in thousand ounces)



Uranium Operations Closed

Despite a ruling on July 20, 1987 by the Tenth Circuit Court of Appeals favoring the domestic uranium producers, there has been a slight fall-away in the price of uranium. Because of the continuing depressed state of the domestic uranium industry, and with little relief in sight, we discontinued our uranium operations in September, 1987. Including estimated reclamation costs and other liabilities and expenses, the shut-down resulted in a one-time charge against earnings of \$52.3 million.

We anticipate that sales of uranium inventories under an existing contract and proceeds from the liquidation of uranium-related assets will largely cover the cash closing and reclamation costs for the uranium operations. We had been keeping the uranium operations on standby status for the past three years at a cost of about \$2.5 million a year. By closing those operations, Atlas will free considerable resources for gold exploration and production.

Sales of Non-Mining Businesses

Atlas took several other steps this past year to apply its resources more fully to gold production and exploration. In addition to closing its uranium operations, the Company has reduced its commitment to its non-mining businesses.

In March, 1987, Atlas sold its Western Sky Industries Division, a manufacturer of plastic and metal products for the aircraft and automotive industries, for approximately \$2,100,000. Most recently, we reached agreements in principle to sell our Brockton Sole & Plastics Division, which makes products for the shoe and sporting goods industries, and the Central Mixed Concrete business of our Atlas Building Materials Division for a total of approximately \$4,500,000.

Our remaining two non-mining businesses — Atlas Building Systems and International Atlas Services — are still in place. The Atlas Building Systems Division, which manufactures precast and prestressed concrete and masonry building supplies, had revenue of \$15,893,000 in 1987, up 14.6 percent from last year. Income from continuing operations was \$2,009,000, an improvement of 48.5 percent. Atlas Building Systems' excellent performance has been a very positive factor for the Company.

The International Atlas Services Division owns 55 percent of, and is the managing venturer of, Global Associates, a joint venture with Owl Constructors. Through Global, this division has provided "life support" services to various government agencies, foreign governments and major industrial firms.

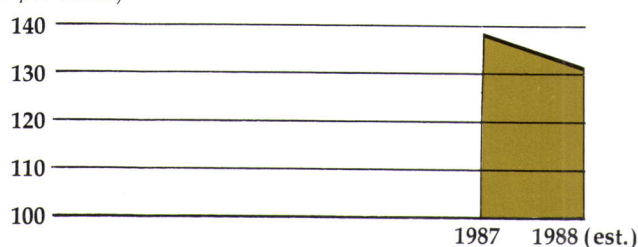
The contract between Global and the United States Army for logistic support at the Kwajalein Missile Range in the Marshall Islands expires on September 30, 1987. Global, together with RCA in a joint venture, submitted a bid for the renewal of that contract. Because the United States Army awarded the contract to a competitor, the future of this Division will be determined largely by its success in obtaining replacement business. Atlas' share of Global earnings was \$1,148,000 in fiscal 1987, and \$881,000 in fiscal 1986.

Rights Distribution

On September 1, 1987, the Board of Directors declared a dividend distribution of one Preferred Stock Purchase Right on each outstanding share of its Common Stock. While the Board is not aware of an effort to acquire control of the Company, it believes the stock purchase rights plan represents a

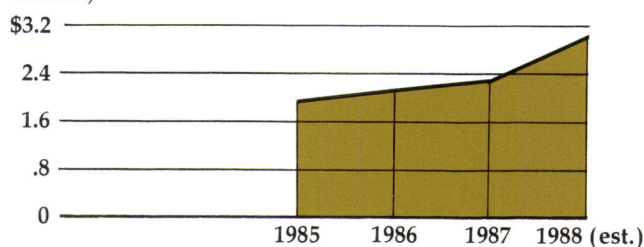
Cash Costs of Production

(dollars per ounce)



Gold Exploration Expenditures

(in millions)



sound and reasonable means of safeguarding the interests of shareholders, particularly while we are actively restructuring the Company. The rights dividend was paid on September 15, 1987. The rights will expire ten years later unless redeemed at an earlier date.

Fiscal 1988 Outlook

Looking forward to the current fiscal year, Atlas is in fine condition to build on its early success as a natural resources concern with a primary emphasis on gold production. I am confident that with stable gold prices and uninterrupted operations, Atlas will show strong growth in 1988, both in revenues and profitability.

In closing, I wish to express my gratitude for the continuing support of our shareholders through our restructuring program and for the skill and dedication of our employees. I would also like to pay special tribute to my predecessor, Edward R. Farley, Jr., for the major contributions he made to Atlas Corporation over the 22 years he served as Chairman of the Board, President and Chief Executive Officer. His wise counsel is still available to us in his capacity as a Consultant and a Director of the Company.

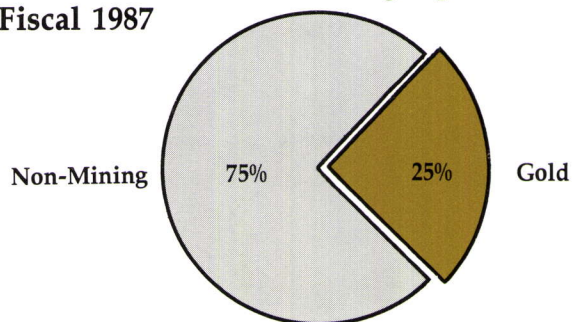
The annual meeting of the shareholders will be held in New York, N.Y., at 9:30 a.m. on November 4, 1987. Details concerning the meeting are contained in the notice of that meeting and the related proxy statement, which accompany this report.

Richard R. Weaver

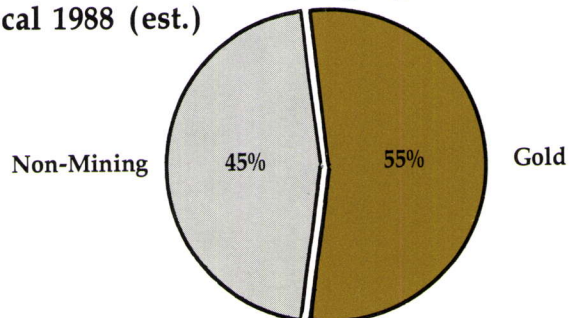
Richard R. Weaver
President and Chief Executive Officer

September 21, 1987

**Revenues from Continuing Operations
Fiscal 1987**



**Revenues from Continuing Operations
Fiscal 1988 (est.)**



THE GOLD BAR MINE AND MILL

The Gold Bar Mine and Mill are located within the Roberts Mountains in central Nevada, 24 airline miles northwest of Eureka. The plant site elevation is about 6,500 feet above sea level. The gold deposit, with about 300,000 ounces of proven reserves, is in gently dipping bedded limestones laying along the southwestern flank of the mountain range.

As of June 30, 1987, the Gold Bar Mill was operating at its designed capacity of 1,500 tons per day, and was producing gold from the Gold Bar Mine at a rate of about 45,000 ounces per year. The mill was designed with the expectation that it would later be expanded to increase production from the Gold Bar Mine or process additional Atlas gold discoveries in the vicinity of Gold Bar. As a result, an increase in production capacity would be relatively inexpensive.

Planning

One of Atlas' first steps in planning the Gold Bar Mine was to determine the most efficient and economical way to extract precious metals from the ore. Tests showed that carbon-in-leach with activated carbon would be the most efficient, because

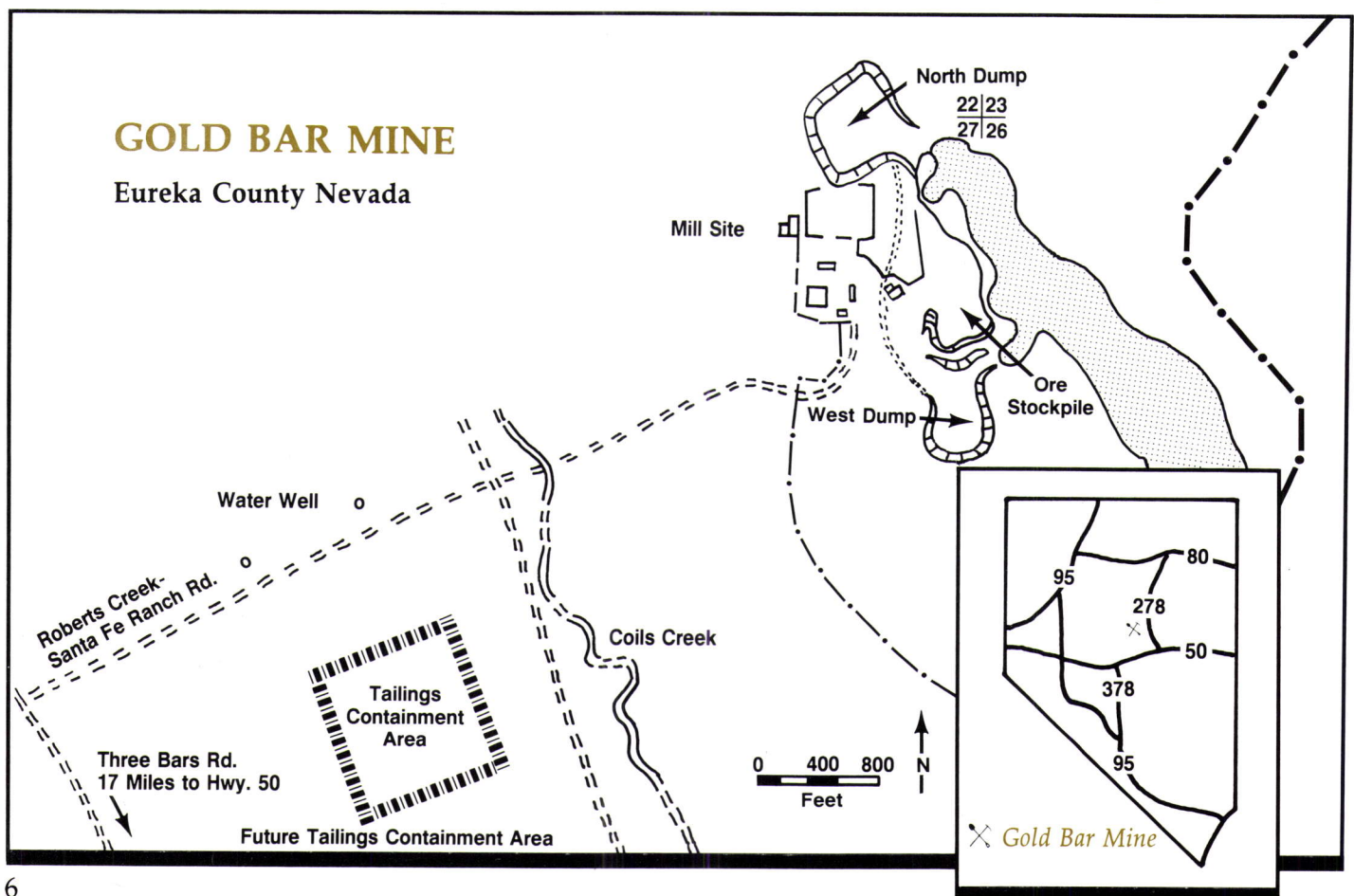
it would recover more than 90 percent of the gold, or about one-tenth of an ounce per ton of ore. Higher production costs for this carbon-in-leach process are offset by higher gold recovery, making this method the most economical as well.

Atlas then developed an operation plan to economically, efficiently and safely mine and process the gold. Its plan included stringent environmental standards to minimize the effects on soil, water, air, and the habitat of the sage grouse, a game bird native to the area.

Open-Pit Mining

The mining process begins when rock is ripped or blasted from the Gold Bar Mine pit in 5- to 20-foot slices called "benches."

The blasted rock is graded into ore, leach and waste material and loaded by hydraulic shovels into trucks able to haul 35 tons per trip. The trucks transport the ore to stockpiles, leach material to the heap-leaching pad and waste to one of three waste dumps. Over the five-year life of the Gold Bar Mine, the pit is expected to measure 3,000 feet long, 800 feet wide and 300 feet deep.

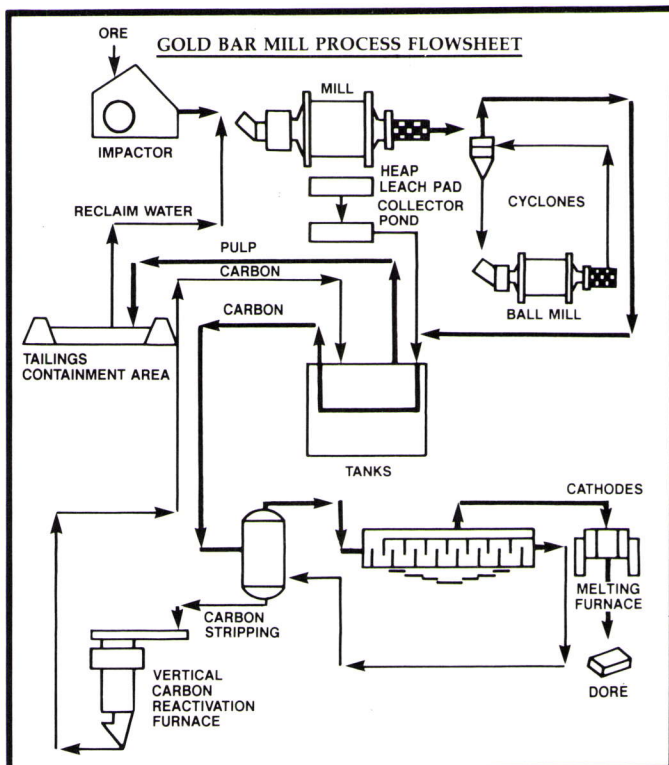


Crushing and Grinding

Ore is crushed into six-inch chunks by an impact crusher designed to process materials that are high in clay, like the ore at the Gold Bar Mine. Crushed ore and water are fed into a mill that is 12 feet in diameter and 16 feet long, where tumbling iron balls grind the rock into a fine slurry.

Ore Leaching

Cyanide and lime are added to the grinding mill to dissolve or "leach" the gold from the ore. The slurry is pumped into huge tanks, where it is agitated for six hours to dissolve the remaining gold.



Gold is separated by pumping the slurry through a series of six tanks containing activated carbon, to which the gold adheres. Between each tank is a vibrating screen, which strains the gold-laden carbon from the slurry. The carbon becomes more highly concentrated with gold as it progresses through the system of tanks.

When the solution reaches about 200 ounces of gold per ton of carbon, it is screened a final time and transported to the carbon stripping section.

Carbon Stripping

Loaded with gold, the carbon is pumped into two tanks. Each can hold three tons of material. A solution of hot caustic soda and cyanide passes through the tanks and chemically strips the gold from the carbon particles. The stripped carbon is fixed in a

propane-fueled kiln heated to 1,300°F, which reactivates the material for further use.

Refining

Gold is recovered from the solution by electroplating it onto steel wool. The steel wool is smelted in a propane-fired furnace, reaching temperatures of more than 2,500°F. Molten gold, together with the slag from the steel wool, is poured into molds. When cooled, the slag separates easily from the gold. The slag is crushed and fed back into the grinding circuit for processing. This helps assure that little to no gold escapes from the system.

The gold is now in a form known as doré. This doré produced by the Gold Bar Mine contains more than 90% gold. The doré is shipped elsewhere under heavy security for further refining.

Heap-Leaching Recovery

While the agitated carbon-in-leach circuit is the primary processing system, Atlas will use heap leaching to process low-grade ore.

The ore is placed on the heap leach pad, which is about 500 feet long and 400 feet wide. Leach solution is sprayed on the ore heaps. It percolates down through the ore, dissolving the gold.

This so-called "pregnant solution," loaded with gold, is collected and drained into a lined collection pond. The solution then is piped to the mill for processing.

Atlas has utilized state-of-the-art technology in constructing the heap-leach pad to ensure the solution is contained and does not affect soil or water.

Environmental Concerns

Atlas took extraordinary measures in planning and constructing the Gold Bar Mine in order to minimize its effect on the environment.

Exploration and construction activities were scheduled around the breeding season of the sage grouse, and perch preventors were installed on power poles to prevent golden eagles from preying on the game birds. Wildlife fences and appropriate administrative procedures help to ensure that the operations are compatible with all the wildlife in the area.

Atlas controls emissions into the air by using nonpolluting propane as a fuel source, wetting roads and seeding bare areas to control blowing dust. It also stockpiled topsoil from disturbed areas to use during the reclamation phase of the project.

ATLAS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Operations and Retained Earnings (Deficit) For the years ended June 30

	1987	1986*	1985*
Revenues:			
Sales	\$21,677,000	\$13,812,000	\$10,840,000
Service contract fees earned	2,370,000	1,807,000	1,837,000
Interest and other income	805,000	451,000	1,194,000
Total revenues	<u>24,852,000</u>	<u>16,070,000</u>	<u>13,871,000</u>
Costs and expenses:			
Cost of sales	13,834,000	10,915,000	8,186,000
Depreciation, depletion and amortization	1,867,000	294,000	358,000
Exploration and prospecting costs	2,317,000	2,119,000	1,878,000
Selling, general and administrative expenses	5,044,000	4,212,000	4,370,000
Interest expense net of \$355,000 interest capitalized in 1987	530,000	67,000	9,000
Other	42,000	37,000	261,000
	<u>23,634,000</u>	<u>17,644,000</u>	<u>15,062,000</u>
Income (loss) from continuing operations before minority interest	1,218,000	(1,574,000)	(1,191,000)
Minority interest	<u>952,000</u>	<u>746,000</u>	<u>718,000</u>
Income (loss) from continuing operations	266,000	(2,320,000)	(1,909,000)
Discontinued operations:			
Loss from discontinued operations	(506,000)	(490,000)	(2,645,000)
Provision for loss on disposal of discontinued operations	<u>(51,949,000)</u>	<u>—</u>	<u>—</u>
Net loss	(52,189,000)	(2,810,000)	(4,554,000)
Retained earnings at beginning of year	<u>50,306,000</u>	<u>53,116,000</u>	<u>57,670,000</u>
Retained earnings (deficit) at end of year	<u>\$ (1,883,000)</u>	<u>\$ 50,306,000</u>	<u>\$ 53,116,000</u>
Per share of common stock:			
Income (loss) from continuing operations	\$.09	\$ (.78)	\$ (.65)
Loss from discontinued operations	(.17)	(.17)	(.89)
Provision for loss on disposal of discontinued operations	(17.54)	—	—
Net loss	<u>\$ (17.62)</u>	<u>\$ (.95)</u>	<u>\$ (1.54)</u>

*Restated for discontinued operations — Note 9.

See notes to consolidated financial statements.

ATLAS CORPORATION AND ITS SUBSIDIARIES

Consolidated Balance Sheets

June 30

	1987	1986*
Assets		
Current Assets:		
Cash and short-term investments	\$ 8,656,000	\$ 10,230,000
Trade accounts receivable, less allowance for doubtful accounts of \$840,000 in 1987 and \$1,241,000 in 1986	12,614,000	10,521,000
Other accounts receivable	2,086,000	450,000
Inventories	2,353,000	895,000
Prepaid expenses and other current assets	1,756,000	1,526,000
Net current assets of discontinued operations	7,213,000	19,085,000
Total current assets	34,678,000	42,707,000
Property, plant and equipment:		
Mining	10,029,000	9,670,000
Milling	11,364,000	136,000
Manufacturing	4,525,000	4,162,000
	25,918,000	13,968,000
Less: Accumulated depreciation, depletion and amortization	4,522,000	2,793,000
	21,396,000	11,175,000
Other assets	850,000	510,000
Net long-term assets of discontinued operations	10,218,000	40,186,000
	<u>\$ 67,142,000</u>	<u>\$ 94,578,000</u>
Liabilities		
Current liabilities:		
Notes and loans payable to bank	\$ 8,973,000	\$ —
Trade accounts payable	3,357,000	3,628,000
Other accrued liabilities	5,104,000	4,987,000
Total current liabilities	17,434,000	8,615,000
Long-term debt	2,716,000	2,502,000
Other liabilities, long-term	19,903,000	4,711,000
Minority interests	2,551,000	2,238,000
Stockholders' Equity		
Common stock, par value \$1 per share; authorized 6,000,000 shares, issued and outstanding 2,969,276 and 2,960,488 shares	2,969,000	2,960,000
Capital in excess of par value	23,459,000	23,253,000
Retained earnings (deficit)	(1,883,000)	50,306,000
Less, common stock in treasury, at cost, 231 shares	(7,000)	(7,000)
Total stockholders' equity	24,538,000	76,512,000
	<u>\$ 67,142,000</u>	<u>\$ 94,578,000</u>

*Restated for discontinued operations — Note 9.

See notes to consolidated financial statements.

ATLAS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Financial Position For the years ended June 30

	1987	1986*	1985*
Working capital used:			
From continuing operations:			
(Income) loss from continuing operations	\$ (266,000)	\$ 2,320,000	\$ 1,909,000
Depreciation, depletion and amortization	(1,867,000)	(294,000)	(358,000)
(Increase) decrease in minority interests	(313,000)	(4,000)	452,000
	<u>(2,446,000)</u>	<u>2,022,000</u>	<u>2,003,000</u>
From discontinued operations:			
Loss from discontinued operations	506,000	490,000	2,645,000
Provision for loss on disposal of discontinued operations	51,949,000	—	—
Depreciation, depletion and amortization	(354,000)	(404,000)	(436,000)
	<u>52,101,000</u>	<u>86,000</u>	<u>2,209,000</u>
Increase in other assets	340,000	152,000	228,000
Additions to property, plant and equipment	12,412,000	4,315,000	2,624,000
Total working capital used	<u>\$ 62,407,000</u>	<u>\$ 6,575,000</u>	<u>\$ 7,064,000</u>
Working capital provided:			
Decrease (increase) in long-term discontinued assets	\$ 29,614,000	\$ (436,000)	\$ (2,305,000)
Disposal of property, plant and equipment, net	324,000	—	167,000
Decrease in investment in affiliate	—	—	975,000
Stock issuance due to exercise of options	215,000	—	9,000
Increase in long-term debt	214,000	2,502,000	—
Increase (decrease) in other liabilities, long-term	15,192,000	(162,000)	1,600,000
Decrease in working capital (as below)	16,848,000	4,671,000	6,618,000
Total working capital provided	<u>\$ 62,407,000</u>	<u>\$ 6,575,000</u>	<u>\$ 7,064,000</u>
Working Capital Changes			
Current assets:			
Cash and short-term investments	\$ (1,574,000)	\$ 5,690,000	\$ (4,024,000)
Trade accounts receivable	2,093,000	(258,000)	2,659,000
Other accounts receivable	1,636,000	(347,000)	130,000
Inventories	1,458,000	437,000	(166,000)
Prepaid expenses and other current assets	230,000	467,000	188,000
Net current assets of discontinued operations	(11,872,000)	(9,961,000)	(6,443,000)
Net (decrease)	<u>(8,029,000)</u>	<u>(3,972,000)</u>	<u>(7,656,000)</u>
Current liabilities:			
Notes and loans payable to bank	8,973,000	(600,000)	(50,000)
Trade accounts payable	(271,000)	1,510,000	(810,000)
Other accrued liabilities	117,000	(211,000)	(128,000)
Drillers' fees payable, current maturity	—	—	(50,000)
Net increase (decrease)	<u>8,819,000</u>	<u>699,000</u>	<u>(1,038,000)</u>
Decrease in working capital	<u>\$ (16,848,000)</u>	<u>\$ (4,671,000)</u>	<u>\$ (6,618,000)</u>

*Restated for discontinued operations — Note 9.

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries.

Inventories — Ores and concentrates are stated at the lower of cost, principally average, or market; manufacturing inventories are stated at the lower of cost, first-in, first-out, or market.

Property, Plant and Equipment — Stated at cost, less accumulated depreciation, depletion and amortization. Depreciation at all manufacturing facilities is calculated by the straight-line method. Depreciation of milling facilities and depletion and amortization of mining properties are determined by the units of production method. Leasehold improvements are amortized on the straight-line basis over the terms of related leases.

Expenditures for maintenance and repairs are charged to income as incurred. Expenditures for additions, improvements, replacements, betterments and major renewals are added to the property, plant and equipment accounts. The cost of assets retired, or otherwise disposed of, and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the consolidated statements of operations and retained earnings (deficit).

Interest cost, incurred for acquisition or construction of capital assets during the period of time to ready the assets for the intended use, is capitalized as part of the historical cost of acquiring the asset. The amount capitalized in 1987 was \$355,000, and the amount in 1986 was not material.

The investment tax credit available to the Company is applied against the current tax provision in the year it is usable on a book basis.

Employee Incentive Plans — Market value increases and decreases above the option price of stock appreciation rights under the 1979 Key Employee Stock Incentive Plan are charged or credited to earnings in the period of increase or decrease. See Note 5.

Exploration — Costs incurred in the search for new mining operations are charged to income when incurred.

Reclamation Expense — In connection with its Moab, Utah mill, the Company is obligated to stabilize and reclaim its mill tailings pond. Since the Company has discontinued its uranium operations and permanently shut down its Moab mill and mines, estimated shut down expenses, including reclamation costs, of \$17,406,000, were accrued as of June 30, 1987.

2. Notes Payable to Banks

During April 1986, a subsidiary of the Company, Atlas Gold Mining Inc., entered into a Credit Agreement with Bank of America National Trust and Savings Asso-

ciation (the Bank) to finance the development of a gold-mining facility. The Credit Agreement provided up to \$12,000,000 of borrowings with interest rates ranging from 1% to 1¼% over the Bank's reference rate. There was a commitment fee of ½% of the average unused portion of the \$12,000,000 through the commitment period which ended June 30, 1987. The Bank has also been granted a 3% net profits participation in the first 271,000 ounces of gold produced and sold from the subsidiary's gold-mining facility. The balance of the borrowings at June 30, 1987 was \$10,889,000 compared to \$2,502,000 at June 30, 1986. Repayments of the borrowings will be paid based on the net cash flows of the subsidiary as defined by the Credit Agreement; however, without regard to the cash flows, the outstanding balance at June 30, 1987 must be paid in ten quarterly installments with the first installment having been paid on June 30, 1987. The Bank considered June 30, 1987 the Completion Date as defined in the Credit Agreement and released the Company of its obligation as guarantor. The outstanding borrowings are secured by a pledge of the assets (\$21,588,000) and common stock of the subsidiary.

Another subsidiary of the Company has a \$2,500,000 line of credit with a bank which expires on January 31, 1988. Borrowings against this line bear interest at that bank's reference rate with a compensating balance requirement of 5% of the committed line and actual borrowings. The amount of such borrowings at June 30, 1987 was \$800,000, and there were no borrowings at June 30, 1986.

There were no notes payable by the Company to banks during fiscal year 1987 or 1986 other than those mentioned above.

3. Inventories

Inventories consist of the following:

	1987		
	Precious Metals	Manufacturing	Total
Raw materials	\$ 511,000	\$376,000	\$ 887,000
Work in process	513,000	1,000	514,000
Finished goods	—	542,000	542,000
Other	410,000	—	410,000
	<u>\$ 1,434,000</u>	<u>\$919,000</u>	<u>\$ 2,353,000</u>

	1986		
	Precious Metals	Manufacturing	Total
Raw materials	\$ —	\$239,000	\$239,000
Work in process	—	1,000	1,000
Finished goods	—	647,000	647,000
Other	8,000	—	8,000
	<u>\$ 8,000</u>	<u>\$887,000</u>	<u>\$895,000</u>

4. Stockholders' Equity

The Company is authorized to issue 1,000,000 shares of Series Preferred Stock, par value \$1, issuable in series,

with designations, rights and preferences to be fixed by the Board of Directors. The Board of Directors has created a series of 150,000 shares of that Series Preferred Stock designated Series A Junior Participating Preferred Stock (Series A Preferred Stock). No shares of this class of preferred stock have been issued.

The Board of Directors has declared a dividend distribution of one preferred stock purchase right on each outstanding share of common stock. The rights give the holder the right to purchase $\frac{1}{100}$ of a share of the Series A Preferred Stock at a price of \$90. The dividend is payable September 15, 1987 to stockholders of record on that date, but it is not exercisable until a person or group has acquired 25% or more of the outstanding common stock of the Company.

During the three years ended June 30, 1987, 1,004,506 shares of the Company's common stock were reserved for option warrants to purchase, at any time, common stock at \$31.25 per share.

During fiscal year 1987, 8,788 shares of common stock were issued as a result of the exercise of employee stock options, and \$206,000 was credited to capital in excess of par value. There were no changes in carrying value of common stock, capital in excess of par value or treasury stock during the year ended June 30, 1986. During fiscal year 1985, 681 shares of common stock were issued as a result of the exercise of an employee stock option, and \$9,000 was credited to capital in excess of par value.

5. Employee Incentive Plans

On November 20, 1979, the stockholders of the Company approved the 1979 Key Employee Stock Incentive Plan (the Plan), which provides that key employees may be granted options to purchase an aggregate of 145,000 shares of common stock at the fair value of the shares on the date of grant. Through June 30, 1987, 125,000 options had been granted (net of 31,000 options cancelled in prior years) under the Plan. Options may become exercisable beginning one year after the date of grant and are exercisable for a maximum term of ten years from the date of grant. No options may be granted after December 31, 1989.

Under the terms of the Plan, options granted include stock appreciation rights which allow the holder to receive the value of the difference between the exercise price and the fair market value of the stock at the date of exercise. Under the Plan, the options and appreciation rights are granted in tandem form whereby the exercise of one cancels the other. The value of the appreciation rights may be received, at the optionee's election, either in shares of common stock or up to 50% in cash and the remainder in shares of common stock.

On January 3, 1980, options to purchase 72,000 shares of common stock were granted at an exercise price of \$17.50 per share, of which 28,000 shares have been can-

celled; on October 15, 1980, options to purchase 7,000 shares of common stock were granted at an exercise price of \$17.125 per share; on September 28, 1981, options to purchase 39,500 shares of common stock were granted at an exercise price of \$11.00 per share, of which 3,000 shares have been cancelled; on January 5, 1983, options to purchase 10,000 shares of common stock were granted at an exercise price of \$19.50 per share; and on October 1, 1986, options to purchase 27,500 shares of common stock were granted at an exercise price of \$13.50 per share. The exercise prices are equal to the market value of the common stock on the date of grant. During fiscal year 1987, 26,000 options were exercised at \$17.50 per share; 17,000 options were exercised at \$11.00 per share; and 4,000 options were exercised at \$19.50 per share. During fiscal year 1985, 5,000 options were exercised at \$11.00 per share, and no options were exercised during fiscal year 1986. In connection with the Plan, in fiscal year 1987, \$806,000 was charged to expense, in fiscal year 1985, \$15,000 was credited to income, and in fiscal year 1986, there were no charges to expense or credits to income. At June 30, 1987, 73,000 options were outstanding, of which 45,500 were exercisable, in connection with the Plan.

6. Income Taxes

The Company files a consolidated federal income tax return. For purpose of computing income subject to federal income taxes, the Company is allowed statutory depletion deductions in excess of cost depletion computed for financial reporting purposes. In addition, the Company also uses accelerated depreciation methods and had previously deducted development expenses for federal income tax purposes. At June 30, 1987, the Company had net operating loss carryforwards of approximately \$62,500,000 for financial reporting purposes and \$37,050,000 for tax purposes. The tax loss carryforwards expire in 1995 through 2002, if not previously utilized. The losses resulting from the discontinued uranium operations, while fully reflected in the net operating loss carryforwards for financial reporting purposes, at June 30, 1987 are not included in the tax loss carryforwards. These losses to the extent allowable will be recognized for tax purposes in the years paid and will decrease the taxes due in the future.

At June 30, 1987, the Company had investment tax credit carryforwards of approximately \$202,000 and \$2,350,000 for financial and tax reporting purposes, respectively, after adjusting for the reductions required by the 1986 Tax Reform Act. These investment tax credit carryforwards expire from 1990 through 2002.

There were no tax credits reflected for the 1986 and 1985 net operating losses due to the limitation on carryback losses and no income tax provision in fiscal year 1987 due to statutory depletion in excess of book depletion.

7. Quarterly Financial Data (Unaudited) Year ended June 30, 1987*

	Three Months Ended				
	1986		1987		Total
	September 30	December 31	March 31	June 30	
Total revenues	\$ 3,807,000	\$ 5,351,000	\$ 6,045,000	\$ 9,649,000	\$ 24,852,000
Income (loss) from continuing operations	(416,000)	(252,000)	(622,000)	1,556,000	266,000
Income (loss) from discontinued operations	(321,000)	(665,000)	631,000	(151,000)	(506,000)
Gain (provision for loss) from disposal of discontinued operations	—	—	838,000	(52,787,000)	(51,949,000)
Net income (loss)	<u>\$ (737,000)</u>	<u>\$ (917,000)</u>	<u>\$ 847,000</u>	<u>\$ (51,382,000)</u>	<u>\$ (52,189,000)</u>
Per share of common stock:					
Income (loss) from continuing operations	\$ (.14)	\$ (.09)	\$ (.21)	\$.53	\$.09
Income (loss) from discontinued operations	(.11)	(.22)	.21	(.05)	(.17)
Gain (provision for loss) from disposal of discontinued operations	—	—	.28	(17.82)	(17.54)
Net income (loss)	<u>\$ (.25)</u>	<u>\$ (.31)</u>	<u>\$.28</u>	<u>\$ (17.34)</u>	<u>\$ (17.62)</u>

The income from continuing operations for the second, third and fourth quarters was reduced by \$64,000, \$619,000 and \$123,000, respectively, as a result of provisions required in connection with the 1979 Key Employee Stock Incentive Plan.

	Three Months Ended				
	1985		1986		Total
	September 30	December 31	March 31	June 30	
Total revenues	\$ 3,580,000	\$ 3,856,000	\$ 3,374,000	\$ 5,260,000	\$ 16,070,000
Income (loss) from continuing operations	(815,000)	(630,000)	(907,000)	32,000	(2,320,000)
Income (loss) from discontinued operations	(177,000)	(186,000)	507,000	(634,000)	(490,000)
Net (loss)	<u>\$ (992,000)</u>	<u>\$ (816,000)</u>	<u>\$ (400,000)</u>	<u>\$ (602,000)</u>	<u>\$ (2,810,000)</u>
Per share of common stock:					
Income (loss) from continuing operations	\$ (.27)	\$ (.21)	\$ (.31)	\$.01	\$ (.78)
Income (loss) from discontinued operations	(.06)	(.06)	.17	(.22)	(.17)
Net (loss)	<u>\$ (.33)</u>	<u>\$ (.27)</u>	<u>\$ (.14)</u>	<u>\$ (.21)</u>	<u>\$ (.95)</u>

The income (loss) from discontinued operations for the first, second and third quarters was reduced by \$267,000, \$384,000 and \$79,000, respectively, due to reversals of lower of cost or market inventory reserves that were no longer required.

*Restated for discontinued operations — Note 9.

8. Industry Segment Information - Continuing Operations

	Precious Metals (Note b)	Building Products	Service	Other (Note a)	Total
Year ended June 30, 1987					
Revenues from unaffiliated customers	\$ 6,152,000	\$ 15,893,000	\$ 2,427,000	\$ 380,000	\$ 24,852,000
Income (loss) from continuing operations	(1,057,000)	2,009,000	1,148,000	(1,834,000)	266,000
Depreciation, depletion and amortization	1,607,000	157,000	78,000	25,000	1,867,000
Capital expenditures	11,977,000	416,000	16,000	3,000	12,412,000
Assets as of June 30, 1987					
Identifiable	\$ 24,605,000	\$ 8,061,000	\$ 9,575,000	\$ —	\$ 42,241,000
Corporate	—	—	—	7,470,000	7,470,000
Net discontinued assets	—	—	—	17,431,000	17,431,000
	<u>\$ 24,605,000</u>	<u>\$ 8,061,000</u>	<u>\$ 9,575,000</u>	<u>\$ 24,901,000</u>	<u>\$ 67,142,000</u>
Year ended June 30, 1986					
Revenues from unaffiliated customers	\$ 159,000	\$ 13,868,000	\$ 1,904,000	\$ 139,000	\$ 16,070,000
Income (loss) from continuing operations	(3,069,000)	1,353,000	881,000	(1,485,000)	(2,320,000)
Depreciation, depletion and amortization	9,000	151,000	110,000	24,000	294,000
Capital expenditures	4,127,000	124,000	38,000	26,000	4,315,000
Assets as of June 30, 1986					
Identifiable	\$ 10,268,000	\$ 8,601,000	\$ 8,233,000	—	\$ 27,102,000
Corporate	—	—	—	8,205,000	8,205,000
Net discontinued assets	—	—	—	59,271,000	59,271,000
	<u>\$ 10,268,000</u>	<u>\$ 8,601,000</u>	<u>\$ 8,233,000</u>	<u>\$ 67,476,000</u>	<u>\$ 94,578,000</u>
Year ended June 30, 1985					
Revenues from unaffiliated customers	\$ —	\$ 10,955,000	\$ 2,126,000	\$ 790,000	\$ 13,871,000
Income (loss) from continuing operations	(2,559,000)	1,022,000	839,000	(1,211,000)	(1,909,000)
Depreciation, depletion and amortization	—	204,000	132,000	22,000	358,000
Capital expenditures	2,528,000	62,000	18,000	16,000	2,624,000
Assets as of June 30, 1985					
Identifiable	\$ 4,917,000	\$ 7,148,000	\$ 8,672,000	\$ —	\$ 20,737,000
Corporate	—	—	—	4,408,000	4,408,000
Net discontinued assets	—	—	—	69,200,000	69,200,000
	<u>\$ 4,917,000</u>	<u>\$ 7,148,000</u>	<u>\$ 8,672,000</u>	<u>\$ 73,608,000</u>	<u>\$ 94,345,000</u>

Note a - In the opinion of the Company, it is not practical to allocate corporate income and expense to the various industry segments except on an arbitrary basis.

Note b - Revenue from significant customers consisted of gold sales to Metaux Precieux S.A. Metalor in 1987 in the amount of \$6,142,000.

9. Discontinued Operations

In the quarter ended March 31, 1987 the Company sold its Western Sky Industries Division and reported a gain of \$838,000.

In the quarter ended June 30, 1987, the Company discontinued its uranium operations. This discontinuance resulted in a charge against earnings of \$52,338,000. Included in this charge is the write down of uranium assets to their estimated realizable value and the reclamation costs and miscellaneous expenses relating to the shut-down of the uranium operations.

In addition, the Company reached agreements in principle to sell its Brockton Sole & Plastics Division and

the ready mix concrete business of its Atlas Building Systems Division. The result of the discontinuance of these businesses was a charge against earnings of \$449,000.

The results of operations of the discontinued businesses and the net loss expected on the sale of these businesses are included in the consolidated statements of operations under the headings "Loss from Discontinued Operations" and "Provision for Loss on Disposal of Discontinued Operations", respectively. Certain items in the 1986 and 1985 financial statements have been restated to segregate the net assets and the effects of discontinued operations.

The following table breaks out the operating results of the discontinued businesses:

	Uranium (Note b)	Western Sky Industries	Brockton Sole & Plastics	Ready-Mix Concrete	Total
Year ended June 30, 1987					
Revenues	\$ 4,657,000	\$2,042,000	\$ 8,737,000	\$8,294,000	\$ 23,730,000
Income (loss) before taxes	(1,095,000)	292,000	95,000	202,000	(506,000)
Gain (provision for loss) on disposal of operations	(52,338,000)	838,000	(449,000)	—	(51,949,000)
Net Assets (Note a)	13,190,000	—	3,552,000	689,000	17,431,000
Year ended June 30, 1986					
Revenues	\$ 11,735,000	\$1,954,000	\$ 9,742,000	\$9,263,000	\$ 32,694,000
Income (loss) before taxes	(1,615,000)	456,000	151,000	518,000	(490,000)
Net Assets	53,695,000	969,000	3,851,000	756,000	59,271,000
Year ended June 30, 1985					
Revenues	\$ 3,904,000	\$1,594,000	\$11,116,000	\$8,571,000	\$ 25,185,000
Income (loss) before taxes	(3,737,000)	325,000	20,000	747,000	(2,645,000)
Net Assets	63,993,000	983,000	3,502,000	722,000	69,200,000

Note a - The net assets, which consist primarily of uranium inventory and property, plant and equipment, have been segregated in the consolidated balance sheet under captions "Net current assets of discontinued operations" and "Net long-term assets of discontinued operations."

	1987	1986	1985
Note b - Revenue from Significant Customers:			
Public Service Electric & Gas Company	\$ 4,657,000	\$4,185,000	\$ 3,780,000
Nuexco	\$ —	\$5,604,000	—

10. Details of Certain Balance Sheet Captions

Other accrued liabilities include \$2,174,000 in fiscal year 1987 and \$2,111,000 in fiscal year 1986 related to accrued compensation, \$1,331,000 in fiscal year 1987 and \$1,054,000 in fiscal year 1986 related to accrued insurance reserves, and \$361,000 in fiscal year 1987 related to erectors retainage.

Other liabilities, long-term include \$17,406,000 in fiscal year 1987 and \$2,198,000 in 1986 related to estimated accrued shut down expenses and reclamation of the uranium operations and \$1,929,000 in fiscal year 1987 and \$2,431,000 in fiscal year 1986 related to accrued liability for supplemental pension benefits and deferred compensation for certain employees.

11. Employee Retirement Plans

The Company has several trustee and insured retirement plans covering substantially all salaried employees for which the Company provides the trusteeship and management. The Plans provide pension benefits that are based on final average compensation minus certain adjustments for primary social security benefits. The Company's funding policy for these plans is to make at least the minimum annual contributions required by applicable government regulations. Plan assets are invested in United States Government obligations, commercial paper and investment funds.

The Company has elected early adoption of FASB statement No. 87, "Employer's Account for Pensions," as of June 30, 1987. The effect of the change in accounting principle on net pension expense for fiscal year 1987 was an estimated increase of \$52,000. Pension expense and related information presented below for fiscal 1986 and 1985 have not been retroactively restated.

The following items are the components of net periodic pension cost for the fiscal year ended June 30, 1987 based on a discount rate and an expected long-term rate of return on plan assets of 8%.

Service costs-benefits earned during the year	\$ 202,000
Interest cost on projected benefit obligation	498,000
Actual return on plan assets	(391,000)
Net amortization and deferral	<u>(57,000)</u>
Net periodic pension cost for the year	<u>\$ 252,000</u>

The following table sets forth the Plans' funded status and amounts recognized in the Company's statement of financial position at June 30, 1987:

Accumulated benefit obligation based on salaries to date, including vested benefit obligation of \$5,363,000	\$ (5,550,000)
Additional benefit obligation based on estimated future salary levels	<u>(686,000)</u>
Projected benefit obligation	(6,236,000)
Fair value of plan assets	<u>6,144,000</u>
Funded status	(92,000)
Unrecognized net obligation at July 1, 1986 being recognized over approximately 15.88 years	195,000
Unrecognized net (gain)	<u>(355,000)</u>
Accrued pension cost	<u>\$ (252,000)</u>

The discount rate used to determine the actuarial present value of the projected benefit obligation was 8.5% as of July 1, 1987. The expected long-term rate of return on plan assets used in determining net pension expense for fiscal year 1987 was 8%. The assumed rate of increase in future compensation levels was 6% for 1987.

The actuarial present value of accumulated plan benefits for plans at July 1, 1986 was \$5,400,000 based on an 8% discount rate including vested benefits of \$5,184,000, and the plans' net assets available for benefits were \$5,350,000. Net periodic pension costs recorded for the years ended June 30, 1986 and June 30, 1985 were \$369,000 and \$601,000, respectively.

Report of Independent Auditors

To the Board of Directors and Stockholders of
ATLAS CORPORATION

We have examined the consolidated balance sheets of Atlas Corporation and its Subsidiaries as of June 30, 1987 and 1986, and the related consolidated statements of operations and retained earnings (deficit) and changes in financial position for each of the three years in the period ended June 30, 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Atlas Corporation and its Subsidiaries as of June 30, 1987 and 1986 and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended June 30, 1987, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

New York, New York
September 3, 1987

Market Information and Dividends

Common Stock (Listed on the New York Stock Exchange, Symbol AZ)

Quarter Ended	Fiscal Year 1987		Fiscal Year 1986	
	High	Low	High	Low
September 30	14 ³ / ₄	12	13 ¹ / ₈	10 ¹ / ₄
December 31	17	13 ³ / ₈	13 ³ / ₄	10 ¹ / ₄
March 31	24 ⁷ / ₈	16 ¹ / ₄	16 ⁷ / ₈	12 ¹ / ₄
June 30	27 ³ / ₄	21 ³ / ₄	14 ⁵ / ₈	11 ⁷ / ₈

In fiscal 1987 and 1986, no dividends were declared on the Common Stock. At June 30, 1987 there were approximately 23,000 holders of record of the Common Stock

Five-Year Selected Financial Data

	For the Year Ended June 30				
	1987	1986	1985	1984	1983
Total revenues	\$ 24,852,000	\$ 16,070,000	\$ 13,871,000	\$ 13,380,000	\$ 14,343,000
Income (loss) from continuing operations	\$ 266,000	\$ (2,320,000)	\$ (1,909,000)	\$ (1,227,000)	\$ (1,088,000)
Income (loss) from discontinued operations	\$ (506,000)	\$ (490,000)	\$ (2,645,000)	\$ (2,664,000)	\$ 17,045,000
Provision for loss from disposal on discontinued operations	\$ (51,949,000)	—	—	—	—
Income (loss) from continuing operations per share of common stock	\$.09	\$ (.78)	\$ (.65)	\$ (.41)	\$ (.37)
Income (loss) from discontinued operations per share of common stock	\$ (.17)	\$ (.17)	\$ (.89)	\$ (.90)	\$ 5.76
Provision for loss on disposal of discontinued operations per share of common stock	\$ (17.54)	\$ —	\$ —	\$ —	\$ —
Income (loss) before extraordinary credit per share of common stock	\$ (17.62)	\$ (.95)	\$ (1.54)	\$ (1.31)	\$ 5.39
Total assets	\$ 67,142,000	\$ 94,578,000	\$ 94,345,000	\$ 101,202,000	\$ 116,929,000
Long-term obligations	\$ 22,619,000	\$ 7,213,000	\$ 4,873,000	\$ 5,695,000	\$ 5,405,000
Book value per share of common stock	\$ 8.26	\$ 25.84	\$ 26.79	\$ 28.33	\$ 30.15
Cash dividends declared per share of common stock	\$ —	\$ —	\$ —	\$ 0.50	\$ 0.50

Management's Discussion and Analysis of Financial Condition and Results of Operation:

The following comments should be read in conjunction with the Letter to Shareholders from the President and Chief Executive Officer on pages 2 to 5 and the Consolidated Financial Statements and accompanying notes on pages 8 to 16.

Sales from continuing operations in 1987 were \$24,852,000, an increase of 55% from 1986 sales of \$16,070,000. Sales of the natural resources segment were up \$5,993,000 in 1987 due to production of gold which started in the third quarter ended March 31, 1987. Sales of the building products segment increased 15% due to increased activity in the commercial construction industry.

Sales in 1986 of \$16,070,000 increased 16% from 1985 sales of \$13,871,000. Due to the increased activity in the commercial construction industry, the building products segment increased sales 27% in 1986 over 1985.

Cost of sales in 1987 increased 27% from 1986 due to the increased sales referred to above. Cost of sales for the natural resources segment increased \$3,315,000 due to the production of gold. The building products segment cost of sales increased 11% due to the increase in sales. Cost of sales as a percentage of sales was relatively stable for all segments.

Cost of sales in 1986 were up 33% from 1985 due to the increased sales noted above. The building products segment cost of sales increased 26% due to the increased sales volume.

See footnote 9, Discontinued Operations, for details of highlights for the past three years of discontinued operations.

Except for depreciation, depletion and amortization and interest expense, the remaining costs and expenses of all the Company's segments in 1987, 1986, and 1985 remained relatively stable. The increase in depreciation, depletion and amortization is due to the production of

gold in 1987 and interest expense for the loan required to finance the gold mill and mine.

The Company's reported income from continuing operations increased in 1987 due to the production of gold and increased activity in the commercial construction industry. The Company's loss from continuing operations decreased in 1986 primarily due to the reasons described above.

The Company's sales and income for the periods set forth are not necessarily indicative of the results for any future period because revenues and profits from sales of gold may vary significantly between periods depending on the Company's ability to produce gold and the future market price of gold.

Working capital was \$17,244,000 at June 30, 1987, \$34,092,000 at June 30, 1986 and \$38,763,000 at June 30, 1985. The Company's current ratio was 1.99 to 1 at June 30, 1987, 4.96 to 1 at June 30, 1986 and 5.90 to 1 at June 30, 1985. The reduction in working capital at June 30, 1987 is principally attributable to the use of current assets and short-term borrowings required to construct the Gold Bar Mine and Mill and a reduction in net current assets of discontinued operations.

The Company's capital expenditures in 1987 were \$12,412,000 compared to \$4,315,000 in 1986 and \$2,624,000 in 1985. In the last two fiscal years, substantially all of these capital expenditures were for the development of gold mining properties. The Company believes that for the foreseeable future it can meet the estimated closing and reclamation cost of its uranium operations through the contracted sale of uranium inventories on hand and liquidation of uranium-related assets. Funds required for debt retirement in the future will be generated internally through the sale of gold.

While inflation does not have an impact on the revenues of the natural resources segment because the sale of gold is determined by supply and demand, the segment's costs of materials and labor are subject to inflationary pressures as are the revenues and costs of the Company's other segments.

Atlas Corporation

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Telephone (609) 921-2000

Board of Directors

RICHARD R. WEAVER*

President and Chief Executive Officer

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Consultant To

Squibb Corporation

Pharmaceutical and Health Care Products

WALTER G. CLINCHY†

Retired

ANDREW DAVLIN, JR.

Chairman of the Board and CEO

Abalone Unlimited, Inc.

Aquacultural Company

JOHN J. DWYER*†

Partner, Thompson, Hine & Flory

Attorneys

EDWARD R. FARLEY, JR.*

Retired

Formerly Chairman of the Board and President of the Corporation

EDGAR M. MASINTER*

Attorney whose professional corporation is a partner of Simpson Thacher & Bartlett

* Member of the Executive Committee

† Member of the Audit Committee

Officers

RICHARD R. WEAVER

President and Chief Executive Officer

JOHN M. DEVANEY

Vice President-Finance

and Treasurer and Assistant Secretary

EDGAR M. MASINTER

Secretary

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Common Stock, Option Warrants, and Preferred Stock

Counsel

Simpson Thacher & Bartlett

One Battery Park Plaza, New York, N.Y. 10004

Auditors

Ernst & Whinney

787 Seventh Avenue, New York, N.Y. 10019

10-K Report

A copy of the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission will be provided to stockholders without charge upon written request to the Treasurer, Atlas Corporation, 353 Nassau Street, Princeton, N.J. 08540

Atlas Corporation

353 Nassau Street, Princeton, N.J. 08540

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Atlas Corporation

We have examined the consolidated financial statements and related schedules of Atlas Corporation and its subsidiaries listed in Items 14(a) (1) and (2) of the annual report on Form 10-K of Atlas Corporation for the year ended June 30, 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Atlas Corporation and its subsidiaries as of June 30, 1987 and 1986, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended June 30, 1987, in conformity with generally accepted accounting principles applied on a consistent basis. Further, it is our opinion that the schedules referred to above present fairly the information set forth therein in compliance with the applicable accounting regulations of the Securities and Exchange Commission.

Ernst & Whinney
ERNST & WHINNEY

New York, New York
September 3, 1987

ATLAS CORPORATION AND ITS SUBSIDIARIES
SCHEDULE II - AMOUNTS RECEIVABLE FROM RELATED PARTIES AND
UNDERWRITERS, PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES
for the years ended June 30, 1987, 1986 and 1985

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>		<u>Column E</u>	
<u>Name of Debtor</u>	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Amounts Collected</u>	<u>Deductions Amounts Written Off</u>	<u>Balance at end of period</u>	
					<u>Current</u>	<u>Not Current</u>
Year ended June 30, 1987:						
TAFGA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 1986:						
TAFGA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 1985:						
TAFGA	\$ 33,000	\$ -	\$ 33,000	\$ -	\$ -	\$ -

ATLAS CORPORATION AND ITS SUBSIDIARIES
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
for the years ended June 30, 1987, 1986 and 1985

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>	<u>Column E</u>	<u>Column F</u>
<u>Classification</u>	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes Add (Deduct)	Balance at End of Period
Year ended June 30, 1987:					
Mining	\$ 63,842,000	\$ 2,583,000	\$ -	\$(56,396,000)(A)	\$ 10,029,000
Milling	33,072,000	9,397,000	-	(31,105,000)(A)	11,364,000
Manufacturing	10,576,000	648,000	1,380,000	(5,319,000)(A)	4,525,000
	<u>107,490,000</u>	<u>12,628,000</u>	<u>1,380,000</u>	<u>(92,820,000)</u>	<u>25,918,000</u>
Less Discontinued Portion	(93,522,000)	(216,000)	(1,186,000)	92,552,000 (A)	-
	<u>\$ 13,968,000</u>	<u>\$12,412,000</u>	<u>\$ 194,000</u>	<u>\$ (268,000)</u>	<u>\$ 25,918,000</u>
Year ended June 30, 1986:					
Mining	\$ 59,653,000	\$ 4,233,000	\$ 44,000	\$ -	\$ 63,842,000
Milling	33,044,000	30,000	2,000	-	33,072,000
Manufacturing	10,714,000	347,000	485,000	-	10,576,000
	<u>103,411,000</u>	<u>4,610,000</u>	<u>531,000</u>	<u>-</u>	<u>107,490,000</u>
Less Discontinued Portion	(93,695,000)	(295,000)	(468,000)	-	(93,522,000)
	<u>\$ 9,716,000</u>	<u>\$ 4,315,000</u>	<u>\$ 63,000</u>	<u>\$ -</u>	<u>\$ 13,968,000</u>
Year ended June 30, 1985:					
Mining	\$ 65,379,000	\$ 4,410,000	\$ 9,622,000	\$ (514,000)	\$ 59,653,000
Milling	32,488,000	42,000	-	514,000	33,044,000
Manufacturing	11,345,000	322,000	994,000	41,000	10,714,000
	<u>109,212,000</u>	<u>4,774,000</u>	<u>10,616,000</u>	<u>41,000</u>	<u>103,411,000</u>
Less Discontinued Portion	(101,933,000)	(2,150,000)	(10,388,000)	-	(93,695,000)
	<u>\$ 7,279,000</u>	<u>\$ 2,624,000</u>	<u>\$ 228,000</u>	<u>\$ 41,000</u>	<u>\$ 9,716,000</u>

Note:

(A) Principally reclassification of assets discontinued.

ATLAS CORPORATION AND ITS SUBSIDIARIES
SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND
AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
for the years ended June 30, 1987, 1986 and 1985

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>	<u>Column E</u>	<u>Column F</u>
<u>Classification</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Retirements</u>	<u>Other Changes Add (Deduct)</u>	<u>Balance at End of Period</u>
Year ended June 30, 1987:					
Mining	\$ 33,789,000	\$ 528,000	\$ -	\$(34,079,000)(A)	\$ 238,000
Milling	16,764,000	1,128,000	-	(16,288,000)(A)	1,604,000
Manufacturing	5,682,000	565,000	895,000	(2,672,000)(A)	2,680,000
	<u>56,235,000</u>	<u>2,221,000</u>	<u>895,000</u>	<u>(53,039,000)</u>	<u>4,522,000</u>
Less Discontinued Portion	(53,442,000)	(354,000)	(701,000)	53,095,000 (A)	-
	<u>\$ 2,793,000</u>	<u>\$1,867,000</u>	<u>\$ 194,000</u>	<u>\$ 56,000</u>	<u>\$ 4,522,000</u>
Year ended June 30, 1986:					
Mining	\$ 33,755,000	\$ 49,000	\$ 15,000	\$ -	\$33,789,000
Milling	16,753,000	12,000	1,000	-	16,764,000
Manufacturing	5,549,000	637,000	476,000	(28,000)	5,682,000
	<u>56,057,000</u>	<u>698,000</u>	<u>492,000</u>	<u>(28,000)</u>	<u>56,235,000</u>
Less Discontinued Portion	(53,495,000)	(404,000)	(457,000)	-	(53,442,000)
	<u>\$ 2,562,000</u>	<u>\$ 294,000</u>	<u>\$ 35,000</u>	<u>\$ (28,000)</u>	<u>\$ 2,793,000</u>
Year ended June 30, 1985:					
Mining	\$ 40,909,000	\$ 46,000	\$7,200,000	\$ -	\$33,755,000
Milling	16,741,000	12,000	-	-	16,753,000
Manufacturing	5,599,000	736,000	786,000	-	5,549,000
	<u>63,249,000</u>	<u>794,000</u>	<u>7,986,000</u>	<u>-</u>	<u>56,057,000</u>
Less Discontinued Portion	(61,025,000)	(436,000)	(7,966,000)	-	(53,495,000)
	<u>\$ 2,224,000</u>	<u>\$ 358,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 2,562,000</u>

Note:
(A) Principally a reclassification of the accumulated depreciation, depletion and amortization related to the assets of the operations discontinued.

ATLAS CORPORATION AND ITS SUBSIDIARIES
SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
for the years ended June 30, 1987, 1986 and 1985

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to other Accounts	Deductions	Balance at End of Period
Year ended June 30, 1987: Allowance for doubtful accounts	\$1,241,000	\$ 222,000	\$ 31,000	\$ 654,000 (A)	\$ 840,000
Provision for loss from disposal of discontinued operations	<u>-</u> <u>\$1,241,000</u>	<u>52,787,000</u> <u>\$53,009,000</u>	<u>-</u> <u>\$ 31,000</u>	<u>-</u> <u>\$ 654,000</u>	<u>52,787,000</u> <u>\$53,627,000</u>
Year ended June 30, 1986: Allowance for doubtful accounts	<u>\$ 959,000</u>	<u>\$ 363,000</u>	<u>\$ 145,000</u>	<u>\$ 226,000(A)</u>	<u>\$1,241,000</u>
Year ended June 30, 1985: Allowance for doubtful accounts	<u>\$1,060,000</u>	<u>\$ 140,000</u>	<u>\$ 60,000</u>	<u>\$ 301,000(A)</u>	<u>\$ 959,000</u>

Note:

(A) Principally uncollectible accounts written off and reclassification of reserves related to discontinued businesses of \$12,000 and \$33,000 for years 1987 and 1985, respectively.

ATLAS CORPORATION AND ITS SUBSIDIARIES
SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION
for the years ended June 30, 1987, 1986 and 1985

<u>Column A</u> <u>Item</u>	<u>Column B</u>
Year ended June 30, 1987:	
1. Maintenance and repairs	<u>\$ 349,000</u>
2. Taxes, other than payroll and income taxes	<u>\$ 161,000 (A)</u>
Year ended June 30, 1986:	
1. Maintenance and repairs	<u>\$ 241,000</u>
2. Taxes, other than payroll and income taxes	<u>\$ 66,000 (B)</u>
Year ended June 30, 1985:	
1. Maintenance and repairs	<u>\$ 223,000</u>
2. Taxes, other than payroll and income taxes	<u>\$ 70,000 (C)</u>

Notes:

Detail of taxes:

Property and production taxes	\$ 156,000	\$ 59,000	\$ 65,000
Other taxes	<u>5,000</u>	<u>7,000</u>	<u>5,000</u>
	<u>\$ 161,000</u>	<u>\$ 66,000</u>	<u>\$ 70,000</u>

Net of discontinued maintenance and repairs expenses of \$2,284,000, \$2,504,000 and \$3,350,000 and taxes, other than payroll and income taxes, of \$407,000, \$566,000 and \$1,046,000 for years 1987, 1986 and 1985, respectively.